

December Quarter 2015 Results



Disclaimer



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This presentation contains certain financial measures that are not recognized under generally accepted accounting principles in the United States (“GAAP”), including Non-GAAP EBITDA, Non-GAAP net income and free cash flow. For a reconciliation of these non-GAAP financial measures to the most directly comparable GAAP measures, see GAAP to Non-GAAP Reconciliation.

December Quarter 2015

Business Highlights & Strategic Updates

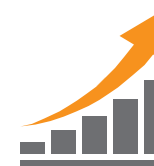
December Quarter 2015 Highlights



407MM
Annual
Active Buyers ⁽¹⁾



393MM
Mobile MAUs ⁽²⁾



32% YoY
Revenue Growth
65% Mobile Revenue
as a % of China
Commerce Retail Revenue



23% YoY
GMV Growth
68% Mobile GMV
as a % of China
Commerce Retail GMV



126% AliCloud YoY
Revenue Growth



US\$3.66Bn
Free Cash Flow ⁽³⁾

Note: Unless otherwise indicated, all figures above are for the three months ended December 31, 2015.

(1) For the twelve months ended December 31, 2015.

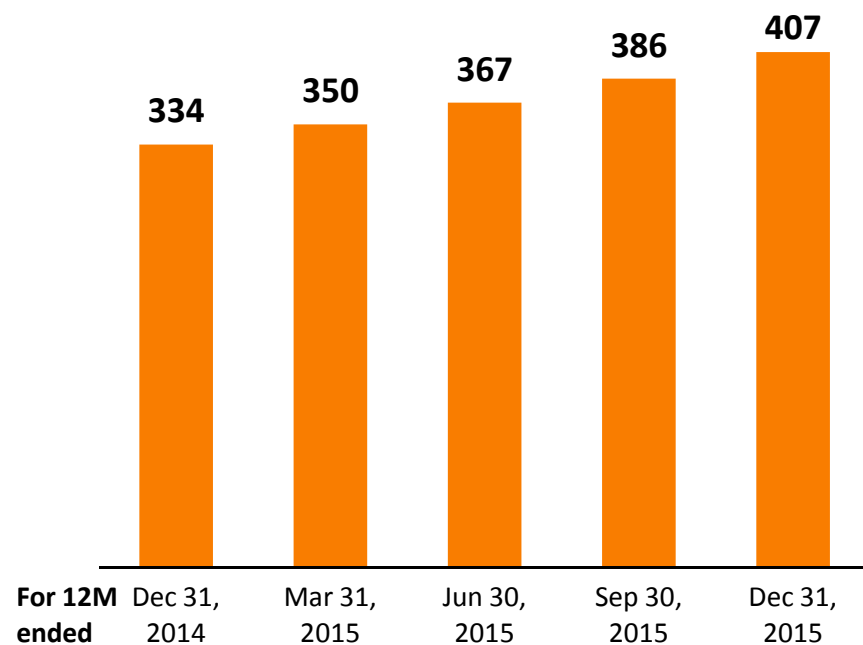
(2) For the month ended December 31, 2015; based on the aggregate mobile MAUs of apps that contribute GMV on our China retail marketplaces.

(3) All translations of RMB into US\$ were made at RMB6.4778 to US\$1.00.

Active Buyers & Mobile MAUs

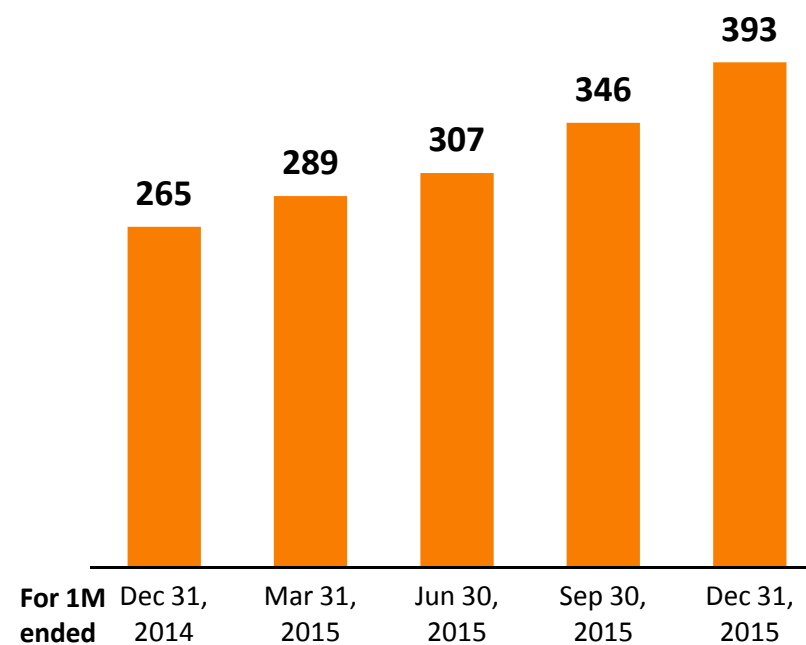
Annual Active Buyers

(In Millions)



Mobile MAUs

(In Millions)

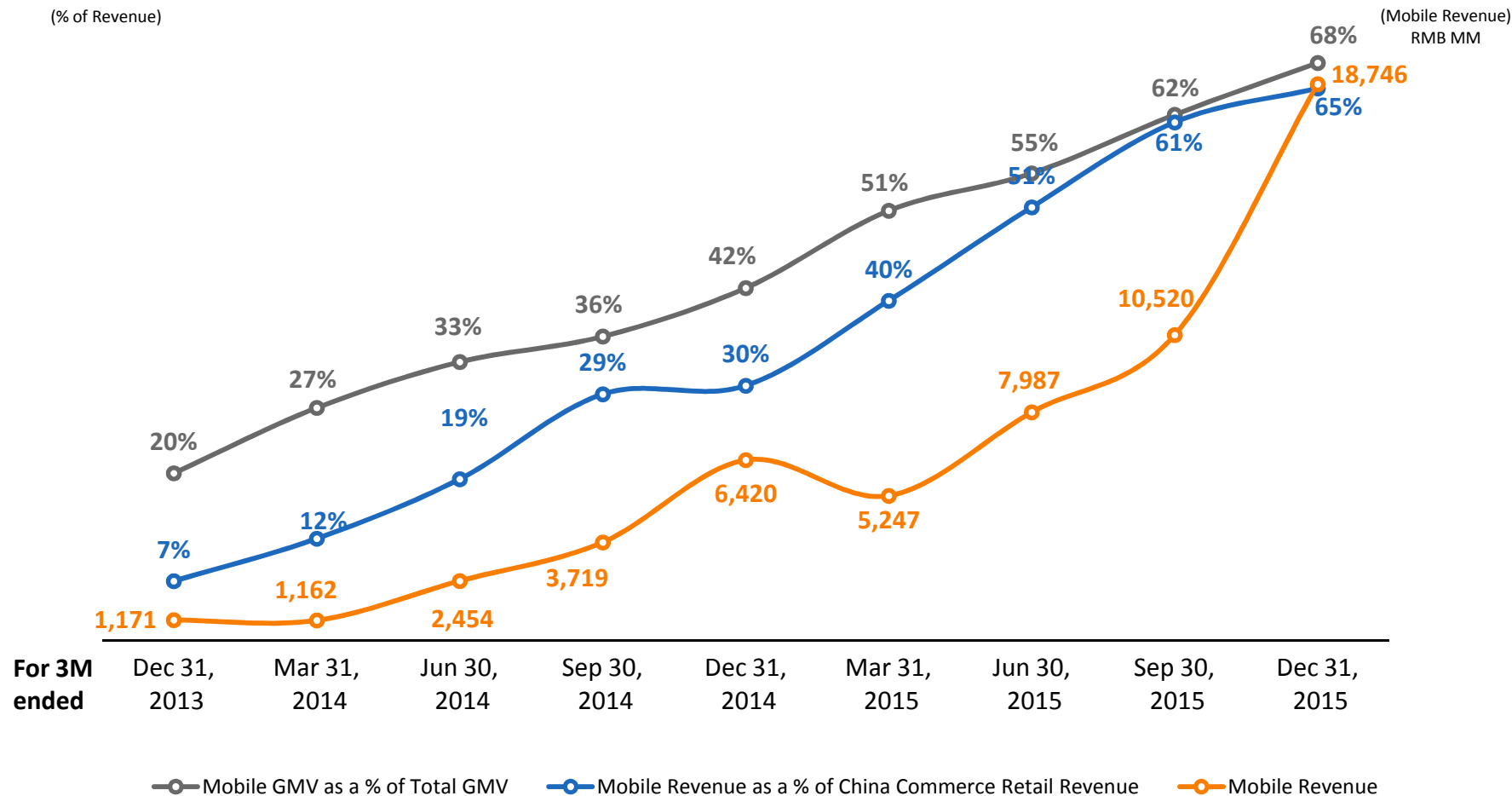


Successful Mobile Transition

Quarterly Penetration of Mobile Revenue and Mobile GMV, and Mobile Revenue (China Commerce Retail)

(% of Revenue)

(Mobile Revenue)
RMB MM



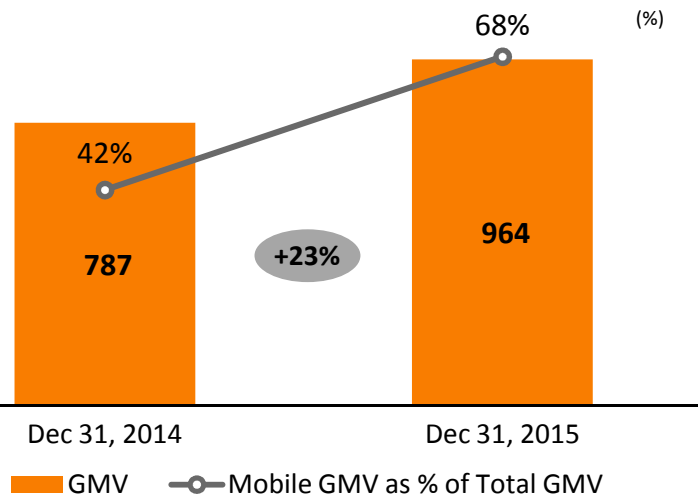
December Quarter 2015 Financial Review

December Quarter 2015 Financial Highlights



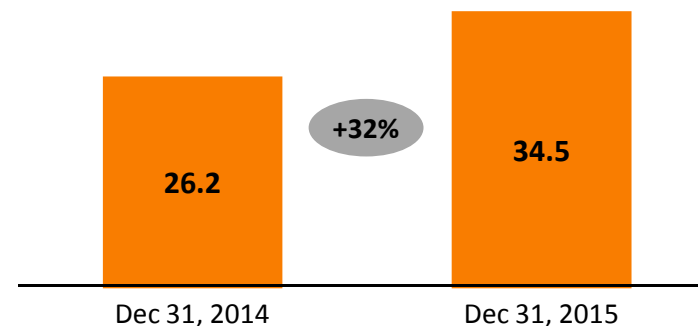
GMV and Mobile Penetration

(RMB Bn)



Revenue

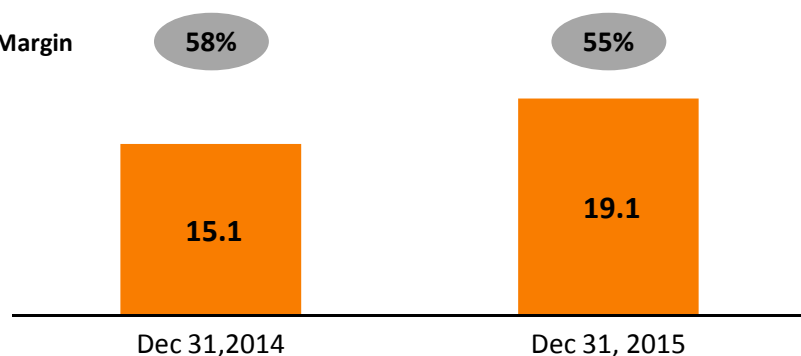
(RMB Bn)



Non-GAAP EBITDA ⁽¹⁾ and Margin

(RMB Bn)

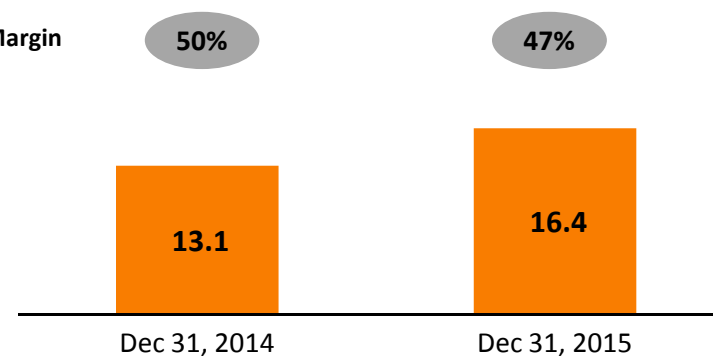
Margin



Non-GAAP Net Income ⁽²⁾ and Margin

(RMB Bn)

Margin



Note: For the three months ended on the respective dates.

(1) Non-GAAP EBITDA represents income from operations (which excludes interest and investment income, net, interest expense, other income, net, income tax expenses and share of results of equity investees) before certain non-cash expenses, consisting of share-based compensation expense, amortization and depreciation, and impairment of goodwill that we do not believe are reflective of its core operating performance during the periods presented.

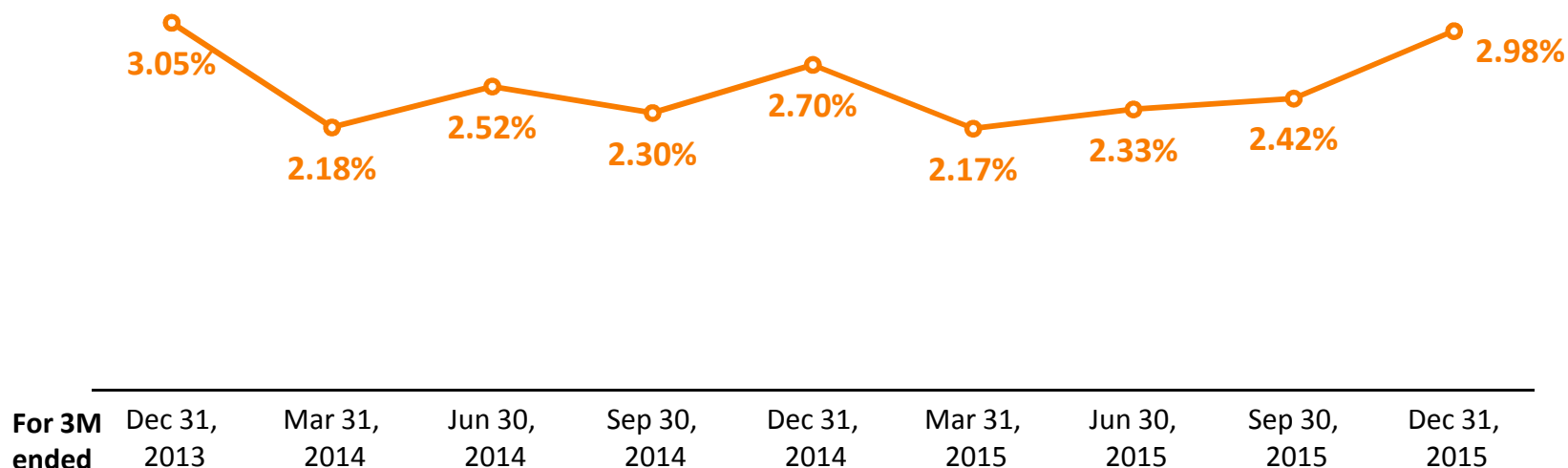
(2) Non-GAAP net income represents net income before share-based compensation expense, amortization, impairment of goodwill and investments, gain on deemed disposals/disposals/revaluation of investments, amortization of excess value receivable arising from the restructuring of commercial arrangements with Ant Financial and one-time expense items consisting of the expenses relating to the sale of shares by existing shareholders in IPO and charge for financing-related fees as a result of early repayment of bank borrowings.

Quarterly Monetization Rate Trends

- User growth and increasing user engagement on our China retail platforms have become important drivers of our long-term revenue growth as our marketplaces deliver a broader value proposition to sellers in addition to sales generation.
- Blended monetization rate of our China retail marketplaces reached 2.98% in the quarter ended December 31, 2015, meaningfully higher than 2.70% in the December 2014 quarter.

Quarterly Blended Monetization Rate (China Commerce Retail)

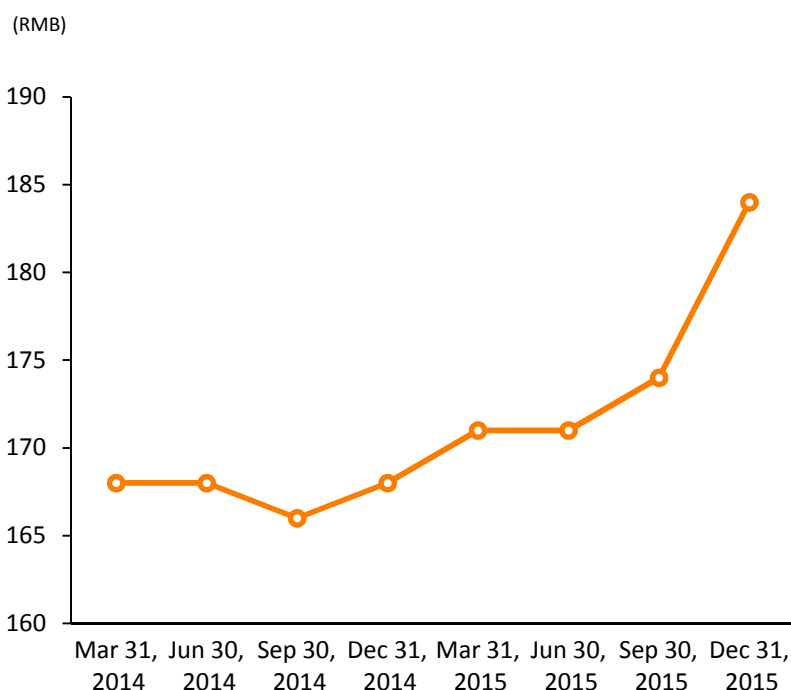
(%)



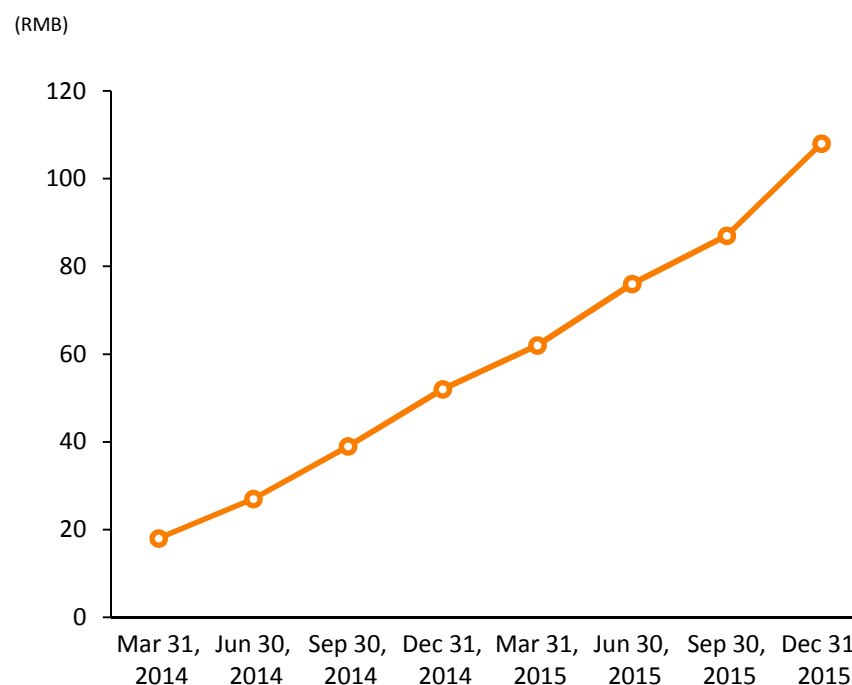
Monetization

- We believe improving monetization in the future will be driven by the increasing value we create for customers on our platform.
- A growing percentage of our China commerce retail revenue will likely come from the monetization of user engagement that helps brands and merchants build long-term relationships with consumers.

Annual China Retail Revenue / Annual Active Buyer ⁽¹⁾



Annual China Retail Mobile Revenue / Mobile MAU ⁽²⁾



Note:

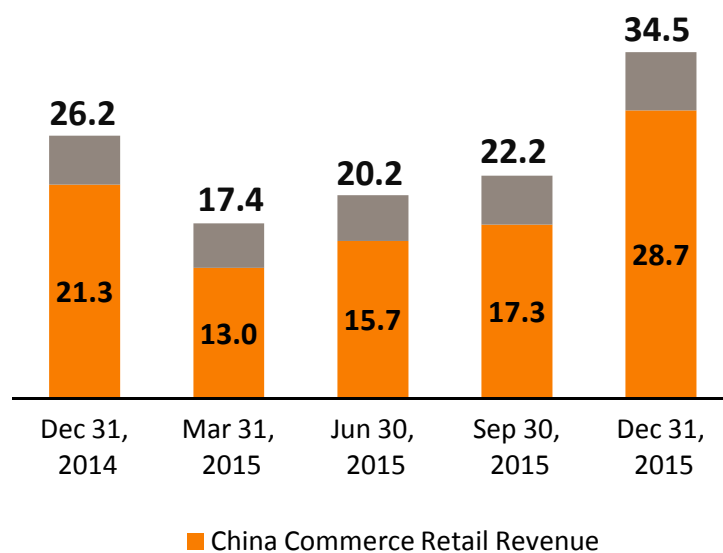
- (1) China commerce retail revenue per active buyer for each of the above periods is derived from the China commerce retail revenue for the last 12-month period, divided by the annual active buyers for the same 12-month period.
- (2) Annual mobile revenue per mobile MAU from China commerce retail is calculated by dividing mobile revenue from China commerce retail for the last 12-month period by the mobile MAUs at the end of the same period.

Quarterly Revenue

- The YoY growth in revenue was mainly driven by the revenue acceleration of our China commerce retail business and AliCloud.

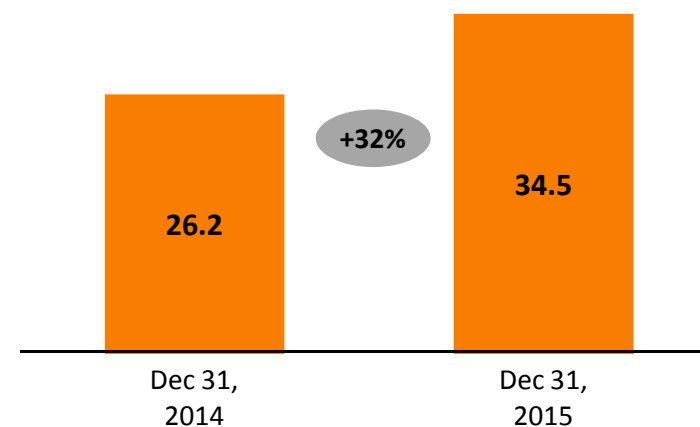
Total Revenue

(RMB Bn)



Revenue Growth

(RMB Bn)

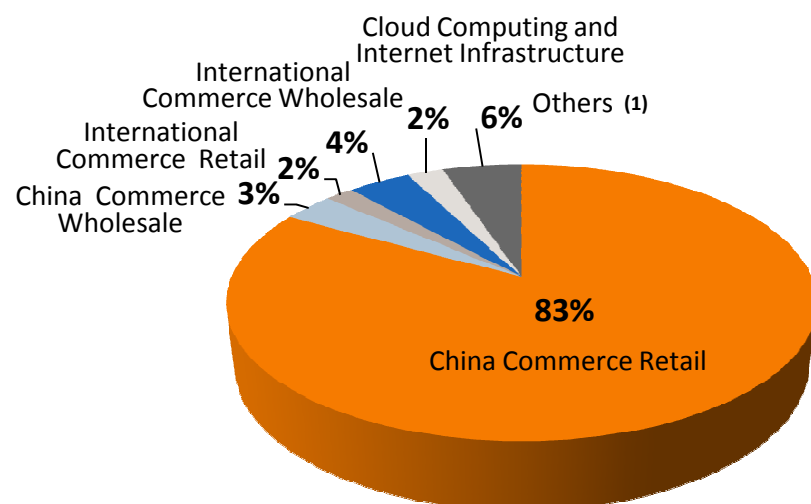


Note: For the three months ended on the respective dates.

Quarterly Revenue Breakdown

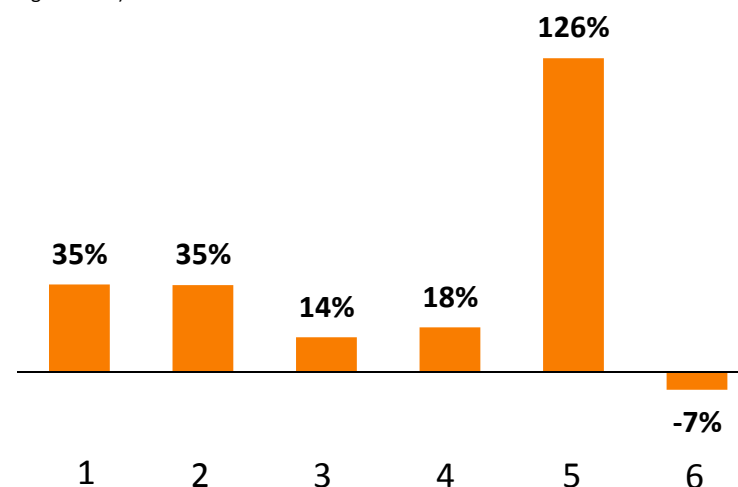
Revenue Breakdown by Businesses

(% of Total Revenue)



Revenue Growth of Major Businesses

(YoY growth %)



1. China Commerce Retail
2. China Commerce Wholesale
3. International Commerce Retail
4. International Commerce Wholesale
5. Cloud Computing and Internet Infrastructure
6. Others (2)

Note: For the three months ended Dec 31, 2015

(1) Other revenue mainly represents the mobile Internet services revenue generated from UCWeb and AutoNavi

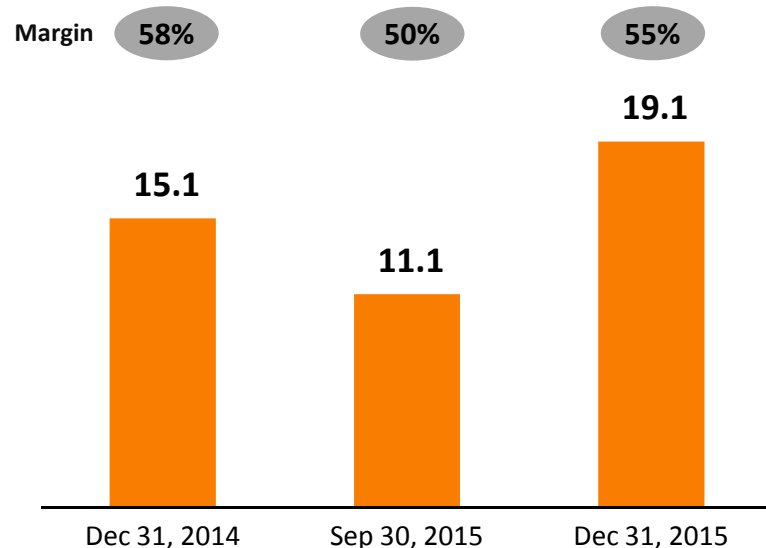
(2) Excluding revenue from the SME loan business from both periods, other revenue would have increased 62% to RMB1,570 million in the quarter ended December 31, 2015 from RMB970 million in the same quarter of 2014.

Quarterly Margin Trends

- We don't manage to a margin target.
- Non-GAAP EBITDA margin remained stable year-on-year.

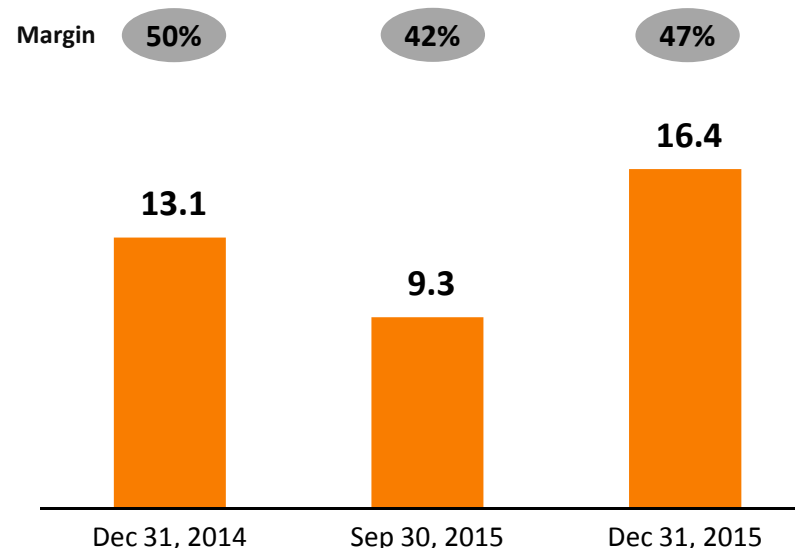
Non-GAAP EBITDA⁽¹⁾ and Margin

(RMB Bn)



Non-GAAP Net Income⁽²⁾ and Margin

(RMB Bn)



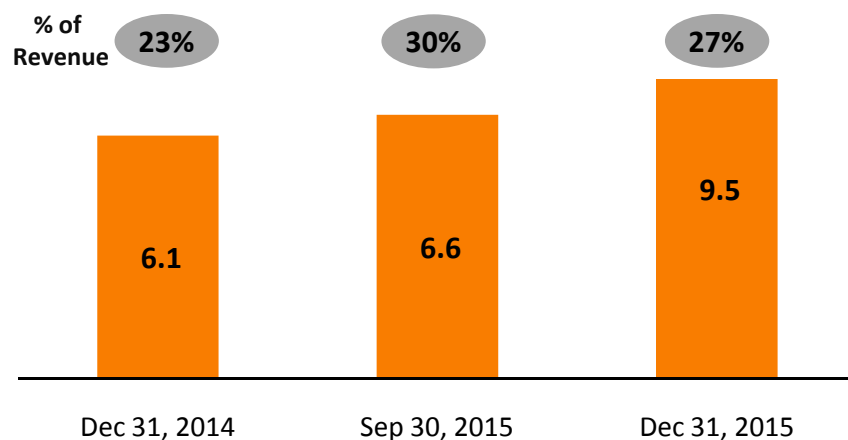
Note: For the three months ended on the respective dates.

- (1) Non-GAAP EBITDA represents income from operations (which excludes interest and investment income, net, interest expense, other income, net, income tax expenses and share of results of equity investees) before certain non-cash expenses, consisting of share-based compensation expense, amortization and depreciation, and impairment of goodwill that Alibaba Group does not believe are reflective of its core operating performance during the periods presented.
- (2) Non-GAAP net income represents net income before share-based compensation expense, amortization, impairment of goodwill and investments, gain on deemed disposals/disposals/revaluation of investments and amortization of excess value receivable arising from the restructuring of commercial arrangements with Ant Financial, and one-time expense items consisting of the expenses relating to the sale of shares by existing shareholders in our IPO and charge for financing-related fees as a result of early repayment of bank borrowings.

Quarterly Cost Trends

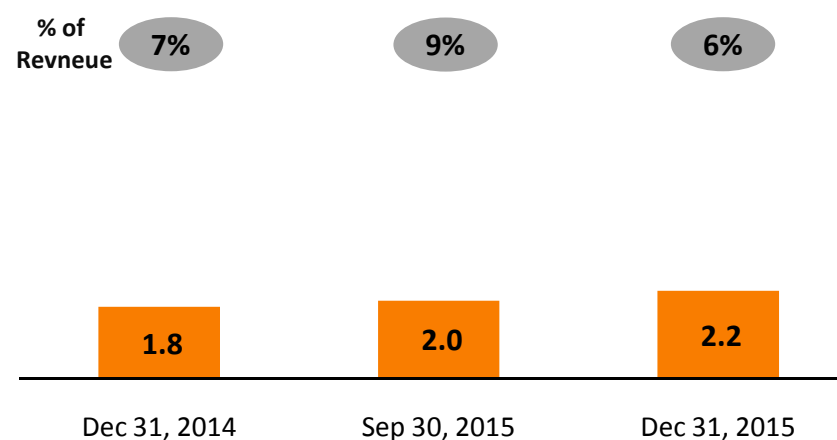
Cost of Revenue (Pre-SBC)

(RMB Bn)



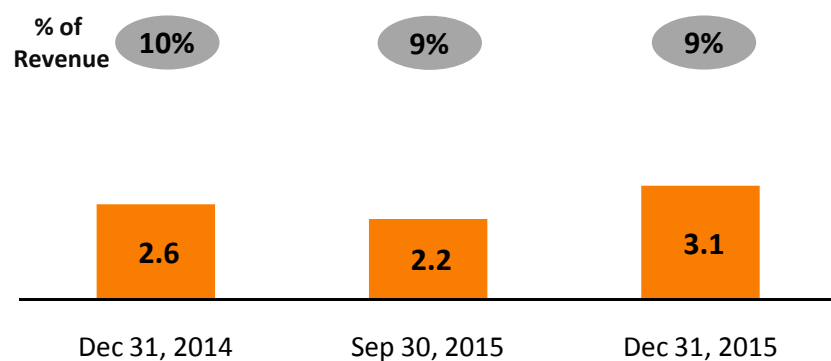
Product Development Expenses (Pre-SBC)

(RMB Bn)



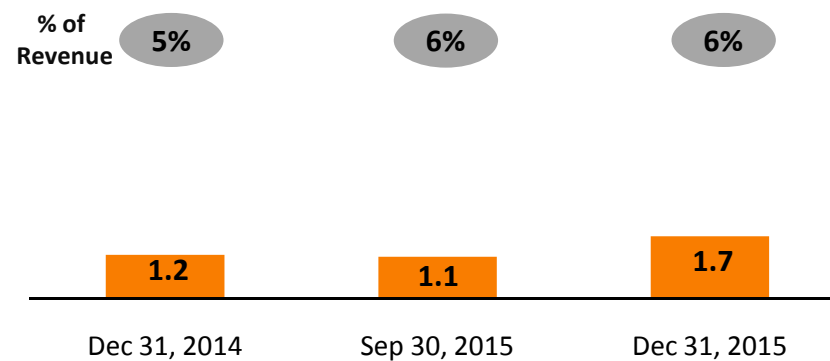
Sales & Marketing Expenses (Pre-SBC)

(RMB Bn)



General & Administrative Expenses (Pre-SBC)

(RMB Bn)

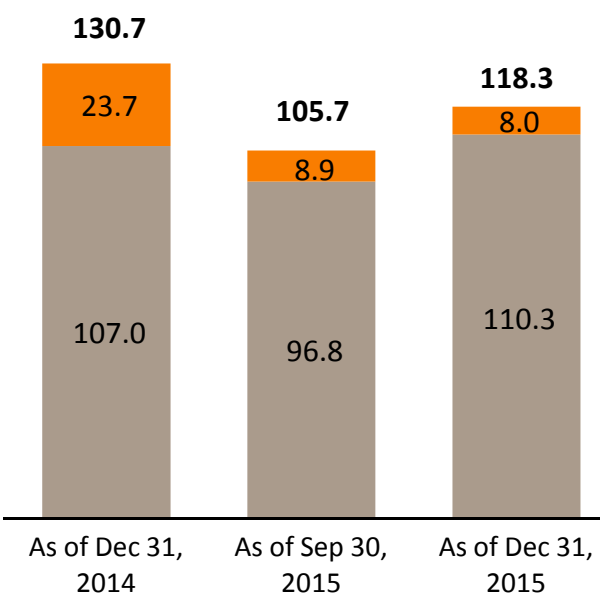


Note: For the three months ended on the respective dates.

Free Cash Flow, Capital Expenditures and Cash

Cash, Cash Equivalents and Short-term Investments

(RMB Bn)



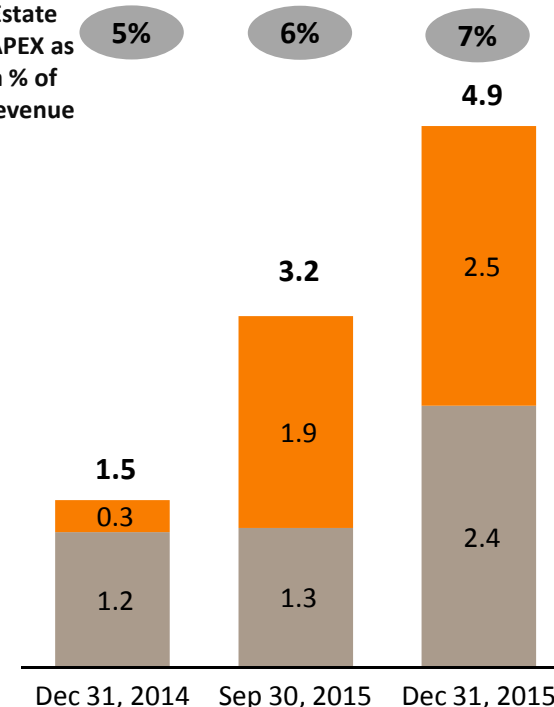
■ Cash and Cash Equivalents

■ Short-term Investments

Capital Expenditures

(RMB Bn)

Non-real Estate CAPEX as a % of Revenue



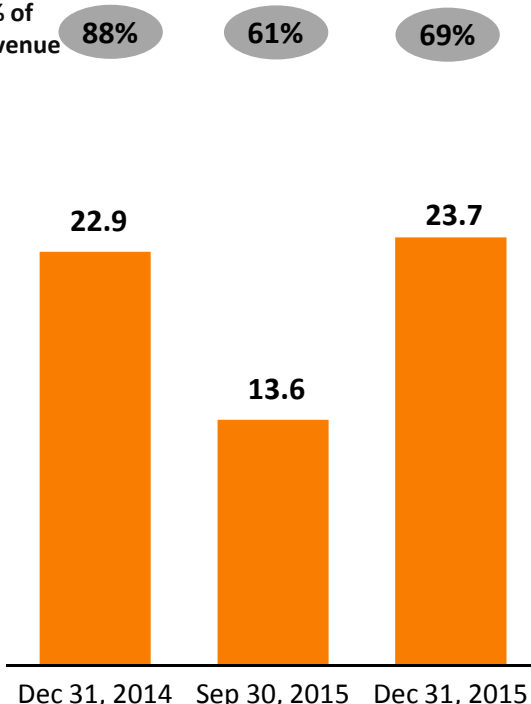
■ Non-real Estate CAPEX

■ Acquisitions of Land Use Rights and Construction in Progress

Free Cash Flow (1)

(RMB Bn)

% of Revenue



■ Free Cash Flow

Note: Unless otherwise indicated, all figures in the above charts are for the three months ended on the respective dates.

(1) Free cash flow represents net cash provided by operating activities as presented in Alibaba Group's consolidated cash flow statement less purchases of property and equipment and intangible assets (excluding acquisition of land use rights and construction in progress) and adjusted for changes in loan receivables relating to micro loans of its SME loan business and others.

GAAP to Non-GAAP Reconciliation



RMB MM	For the Three Months Ended		
	Dec 31, 2014	Sep 30, 2015	Dec 31, 2015
Non-GAAP EBITDA			
Income from operations	9,347	6,395	12,434
Add: Share based compensation expense	4,313	3,164	4,370
Add: Amortization of intangible assets	614	728	813
Add: Depreciation and amortization of property and equipment and land use rights	654	859	1,039
Add: Impairment of goodwill	175	-	455
Non-GAAP EBITDA	15,103	11,146	19,111
Non-GAAP net income			
Net income	5,983	22,703	12,456
Add: Share based compensation expense	4,313	3,164	4,370
Add: Amortization of intangible assets	614	728	813
Add: Impairment of goodwill and investments	1,032	645	1,611
Add: Gain on deemed disposals /disposals/revaluation of investments	241	(18,054)	(2,959)
Add: Amortization of excess value receivable arising from the restructuring of commercial arrangements with Ant Financial	66	66	67
Add: Expenses relating to the sale of shares by existing shareholders in IPO	36	-	-
Add: One-time charge for financing-related fees as a result of early repayment of bank borrowings	830	-	-
Non-GAAP net income	13,115	9,252	16,358
Free cash flow			
Net cash provided by operating activities	19,408	15,124	26,230
Less: Purchase of property, equipment and intangible assets (excluding land use rights and construction in progress)	(1,222)	(1,260)	(2,365)
Add: Changes in loan receivables, net and others	4,738	(240)	(146)
Free cash flow	22,924	13,624	23,719



Alibaba Group
阿里巴巴集团

